

3-026A002

**First
National
Bank**
of
South
Texas

JANUARY 8, 1993

RECORDATION NO. 18106 FILED 1485

⊗ RIO GRANDE CITY

RECORDATION DEPARTMENT
MILDRED LEE, OFFICE OF THE
SECRETARY

JAN 26 1993 10:15 AM

INTERSTATE COMMERCE COMMISSION
12TH STREET & CONSTITUTION AVE. N.W.
WASHINGTON, DC 20423

INTERSTATE COMMERCE COMMISSION

JAN 26 10 06 AM '93
NOTICE OF RECORDATION UNIT

RE: TEXAS RAILCAR LEASING COMPANY

DEAR MRS. LEE:

I AM ENCLOSING AN ORIGINAL AND ONE CERTIFIED COPY OF THE DOCUMENT,
DESCRIBED BELOW, TO BE RECORDED PURSUANT TO SECTION 11303, TITLE 49
OF THE U. S. CODE:

SECURITY AGREEMENT BETWEEN TEXAS RAILCAR LEASING COMPANY AND
FIRST NATIONAL BANK OF SOUTH TEXAS, RIO GRANDE CITY BRANCH,
DATED JANUARY 8, 1993, BEING A PRIMARY DOCUMENT. THE
EQUIPMENT COVERED BY THIS DOCUMENT IS DESCRIBED AS FOLLOWS:

Twenty-six 100 Ton, 2929 Cubic Feet, 3 Pocket, Covered
Top Hopper Railcars Numbered 5279 thru and
including 5304.

and the assignment of the lease on these railcars between
PLM Remarketing Services, Inc. and Texas Railcar Leasing Co.

A FEE OF \$ 16.00 IS ENCLOSED. PLEASE RETURN THE ORIGINAL WITH
YOUR VERIFICATION OF RECORDATION NUMBER TO:

CENTRAL LENDING - COLLATERAL
FIRST NATIONAL BANK OF SOUTH TEXAS
SAN ANTONIO BRANCH
P. O. BOX 15500
SAN ANTONIO, TEXAS 78212

IF YOU HAVE ANY QUESTIONS, OR ANY ADDITIONAL INFORMATION IS NEEDED,
PLEASE CONTACT OUR COLLATERAL DEPARTMENT AT (210) 733-3388.

SINCERELY,

LARRY GONZALEZ
EXECUTIVE VICE PRESIDENT

Interstate Commerce Commission
Washington, D.C. 20423

1/26/93

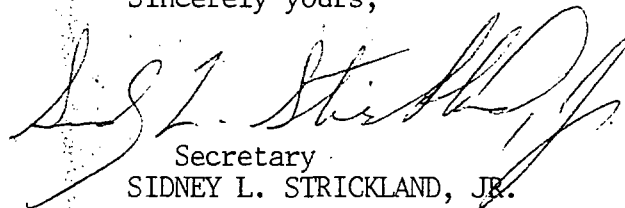
OFFICE OF THE SECRETARY

Larry Gonzalez
Executive Vice President
Central Lending -Collateral
First National Bank Of South Texas
San Antonio Branch
P.O.Box 15500
San Antonio, Texas 78212

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on 1/26/93 at 10:15am , and assigned
recordation number(s). 18106

Sincerely yours,


Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

274-16

JAN 26 1993 10-15 AM

Date: Jan. 8, 1993
Debtor: INTERSTATE COMMERCE COMMISSION
TEXAS RAILCAR LEASING CO.

Debtor's Address: P.O. BOX 1330
MCALLEN, TEXAS 78502

Secured Party: First National Bank of South Texas

Secured Party's Address: P.O. DRAWER M
RIO GRANDE CITY, TX 78582-4425

WE HEREBY CERTIFY THAT THIS
IS A TRUE AND CORRECT COPY
OF THE ORIGINAL INSTRUMENT.

FIRST NATIONAL BANK OF SOUTH
TX

BY: James L. Eakin
JAMES L. EAKIN

Debtor and Secured Party agree as follows:

1. Creation of Security Interest and Indebtedness Secured. Debtor hereby grants to Secured Party a security interest in the collateral described in Paragraph 2 hereof to secure the payment by Debtor of:

- A. Any and all indebtedness of every kind or nature, now or hereafter owing by Debtor to the Secured Party, regardless of how the same may be evidenced or regardless of how the same may have been created including all direct and indirect liabilities except as prohibited by law;
- B. All costs and expenses incurred by Secured Party to obtain, preserve and enforce this Security Agreement, collect the obligation and maintain and preserve the collateral;
- C. Interest on the above obligations at the rate of interest agreed on and if no rate of interest is specified, then at the maximum rate of interest permitted by law;
- D. Without limiting the generality of the foregoing, this Security Agreement secures the payment of the following specific indebtedness together with all renewals and extensions thereof, viz:

Loan #6865038 dated Jan. 8, 1993 in the amount of \$192,400.00.

2. Collateral. The collateral for this Security Agreement is the following described personal property and fixtures, viz:

- A. Classification of Collateral: _____
- B. Description of Collateral:

(26) TWENTY SIX-100-TON, 2929 CUBIC FEET, 3 POCKET, COVERED TOP
HOPPER RAILCARS, NUMBERED 5279-5304 (INCLUSIVE).

COLLATERAL ASSIGNMENT OF MASTER LEASE AGREEMENT NO. 92/0005, DATED
11-20-92, BY AND BETWEEN TEXAS RAILCAR LEASING COMPANY AND PLM
REMARKETING SERVICES, INC. AND INCLUDING RIDER NO. 0001.

C. Except as hereinafter provided, the collateral includes all of the above described property now owned or hereafter acquired by Debtor, and all additions and accessions thereto, and the proceeds thereof; however the inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the collateral in any manner not specifically authorized by Secured Party, whether set forth in this agreement or elsewhere.

3. Location of Collateral. All collateral shall be kept and maintained at Debtor's place of business, which place of business is located upon the following described real property and leasehold estates, which real property is owned by

_____ and is situated in
Starr County, Texas, and is more particularly described as follows,
to-wit:

LOCATION: MOBILE, ALABAMA

5. Obligation. It is the obligation of Debtor to pay to Secured Party any sum or sums due or which may become due under or by virtue of the indebtedness described in Paragraph 1 hereof and this Security Agreement is given for the purpose of securing the payment thereof and all other amounts required to be paid hereunder or thereunder.

6. Right of Setoff. With respect to all indebtedness now or hereafter owing by Debtor to Secured Party, and except as prohibited or limited by law, and only to that extent, Debtor hereby gives and grants unto Secured Party a security interest in and to all deposits of funds standing in Debtor's name (or in the name of any one or more of Debtors, if there be more than one Debtor) now or hereafter held by Secured Party and Debtor hereby gives and grants to Secured Party the right of setoff with respect to all such funds against the indebtedness secured hereby and in the event that Debtor fails to pay the indebtedness, when due, or any installment thereof, when due, or any other amount secured hereby, Secured Party shall have the right, without further notice to Debtor, to debit the account, or accounts, of any one or all of the Debtors for such amount, or amounts, as are necessary to pay the delinquent amounts, or the entire balance if the same is due, or declared by Secured Party to be due.

8. Agreements of Debtor. Debtor hereby appoints Secured Party as Debtor's agent to act hereunder with respect to the possession and sale of the collateral and Debtor's appointment of Secured Party as Debtor's agent is coupled with an interest and shall survive any disability of Debtor. If the collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and prima facie proof that all matters pertaining to the repossession and sale of the collateral specified in this agreement and by law have been complied with and satisfied. Debtor will immediately notify Secured Party of any change in Debtor's name, address or location and shall immediately notify Secured Party of any change in any matter warranted or represented in this agreement as well as any other change that may affect the security interest created hereby or which may constitute a default hereunder. Debtor will take adequate care of the collateral; insure the collateral for such hazards and in such amounts as Secured Party directs, policies to be satisfactory to Secured Party; pay all costs necessary to obtain, preserve, and enforce this security interest, collect the obligation, and preserve the collateral, and including (but not limited to) taxes, assessments, insurance premiums, repairs, reasonable attorneys' fees and legal expenses, rent, storage costs, and expenses of sale; furnish Secured Party with any information on the collateral requested by Secured Party; allow Secured Party to inspect the collateral and to inspect and copy all records relating to the collateral and the Obligation; sign any papers furnished by Secured Party which are necessary to obtain and maintain this security interest; assist Secured Party in complying with the Federal Assignment of Claims Act, where necessary to enable Secured Party to become an assignee under such Act; take necessary steps to preserve the liability of account debtors, obligors, and secondary parties whose obligations are part of the collateral; transfer to Secured Party possession of all instruments and documents which are part of the collateral or as to those hereafter acquired, immediately following acquisition; perfect a security interest (using a method satisfactory to Secured Party) in all property and interest which are part of the collateral. Debtor will, when requested by Secured Party, give written authorization and direction to all Account and Contract Debtors, directing the payment of all amounts directly to Secured Party to which Debtor may be entitled and directing any person having possession of any property of Debtor to deliver the same to Secured Party; however, such written direction is not necessary for the collection of any accounts receivable or contract rights by Secured Party. Debtor hereby specifically authorizes all Account and Contract Debtors to pay directly to Secured Party all amounts owing to Debtor without the necessity of any further action on the part of Secured Party and all persons having possession of property of Debtor may deliver the same, upon request by Secured Party, to Secured Party. Debtor will not (without Secured Party's consent): remove the collateral from the locations specified herein; allow the collateral to become an accession to other goods; sell, lease, otherwise transfer, manufacture, process, assemble, or furnish under contracts of service, the collateral; allow the collateral to be affixed to real estate, except goods identified herein as fixtures. Debtor warrants: no financing statement has been filed with respect to the collateral, other than relating to this security interest; Debtor is absolute owner of the collateral, and it is not encumbered other than by this security interest (and the same will be true of collateral acquired hereafter when acquired).

9. Rights of Secured Party. Secured Party may, in its discretion, before or after default: require Debtor to give possession; or take any action debtor is required to take or otherwise necessary to obtain, preserve, and enforce this security interest, and maintain and preserve the collateral, without notice to Debtor, and add costs of same to the Obligation (but Secured Party is under no duty to take any such action); take control of funds generated by the collateral, including the collection of all accounts receivable, contract rights and amounts owing to Debtor, as well as funds such as dividends, interest, and proceeds or refunds from insurance, and use same to reduce any part of the obligation; waive any of its rights hereunder without such waiver prohibiting the later exercise of the same or similar rights; revoke any permission or waiver previously granted to Debtor. The furnishing of a copy of this Security Agreement to any third party shall authorize the payment or delivery of all property or funds to Secured Party belonging to Debtor which such third party may have without the necessity of any further authorization from Debtor and such third party will thereupon be relieved from any liability with regard to such payment or delivery.

10. Advances by Secured Party. In the event that Secured Party advances any funds hereunder in order to protect the collateral, provide insurance or do anything required hereunder by Debtor, Debtor shall immediately repay such amount upon demand.

11. Miscellaneous. The rights and privileges of Secured Party shall inure to its successors and assigns. All representations, warranties, and agreements of Debtor shall bind Debtor's successors, and assigns. The law governing this secured transaction shall be the Uniform Commercial Code of Texas and other applicable laws of the State of Texas. Definitions in the Uniform Commercial Code apply to words and phrases in this agreement; if Code definitions conflict, Article 9 definitions apply. Notice mailed to Debtor's address or to Debtor's most recent changed address on file with Secured Party at least five (5) days prior to the related action (or, if the Uniform Commercial Code specifies a longer period, such longer period prior to the related action), shall be deemed reasonable.

12. Default. Any of the following is an event of default: failure of Debtor to pay any note in accordance with its terms, or any liability secured hereby on demand, or to perform any act or duty required by this agreement; falsity of any warranty or representation in this agreement when made; substantial change in any fact warranted or represented in this agreement; involvement of Debtor in bankruptcy or insolvency proceedings; substantial loss, theft, destruction, sale, reduction in value, encumbrances of, damage to, or change in the collateral; levy on, seizure, or attachment of the collateral; judgment against Debtor; filing any financing statement with regard to the collateral, other than relating to this security interest; Secured Party's belief that the prospect of payment of any part of the obligation, or the performance of any part of this agreement, is impaired. When an event of default occurs, the entire obligation becomes immediately due and payable at Secured Party's option without notice to Debtor, and Secured Party may proceed to enforce payment of same and exercise any and all of the rights and remedies available to a secured party under the Uniform Commercial Code as well as all other rights and remedies. When Debtor is in default, Debtor, upon demand by Secured Party, shall assemble the collateral and make it available to Secured Party at a place reasonably convenient to both parties. Secured Party may remedy any default, without waiving same, or may waive any default without waiving any prior or subsequent default.

13. First and Prior Lien. This security interest grants to Secured Party a first and superior lien to secure the payment of the indebtedness and obligations secured hereby as well as all renewals thereof. If Secured Party disposes of the collateral following default, the proceeds of such disposition available to satisfy the indebtedness shall be applied first to the indebtedness secured hereby in such a manner and in such amounts as the Secured Party, in its sole discretion, shall determine to be appropriate.

14. Liability of Debtor. All references to Debtor herein mean, cover and include all Debtors. All liabilities and obligations of Debtors hereunder are joint and several.

15. Rearrangement of Indebtedness or Collateral. The security interest herein granted shall not be affected by nor affect any other security taken for the indebtedness hereby secured, or any part thereof; and any extensions may be made of the indebtedness and this security interest; and releases may be executed of the Collateral, or part thereof, herein conveyed without affecting the priority of this security interest or the validity thereof with reference to any third person; and the Secured Party shall not be limited by any election of remedies if Secured Party chooses to foreclose this security interest by suit. The right to sell under the terms hereof shall also exist cumulative with said suit; any method so resorted to shall not bar the other, but both may be exercised at the same or different times; nor shall one be a defense to the other.

16. Security Agreement as Financing Statement. A carbon, photographic or other reproduction of this agreement, or any financing statement covering the Collateral, shall constitute a financing statement which may be filed in the appropriate records.

When the context requires, singular nouns and pronouns include the plural.

EXECUTED as of the date first above written.

TEXAS RAILCAR LEASING CO.

By: Henry Novell
HENRY NOVELL
PRESIDENT

